

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

0 0 — 0 2 1

2. STATE:

CO

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

September 1, 2000

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.253

7. FEDERAL BUDGET IMPACT:

a. FFY 2000 \$ 7.5 million

b. FFY 2001 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19A,  
pages 13a  
13b (new)  
149. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):Attachment 4.19 A  
pages 13a and 14

10. SUBJECT OF AMENDMENT:

Inpatient Hospital Reimbursement

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED:

As per Governor's letter dated 12-14-94

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Richard C. Allen

14. TITLE:

Director, Office of Medical Assistance

15. DATE SUBMITTED:

September 29, 2000

16. RETURN TO:

Health Care Policy and Financing  
1575 Sherman Street, 4th Floor  
Denver, CO 80203-1714  
Attn: Deborah Collette**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

September 28, 2000

18. DATE APPROVED:

9/14/01

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

9/1/00

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

David R. Selleck

22. TITLE:

Acting Associate Regional Administrator

23. REMARKS:

POSTMARK: Handcarried

2000 SEP 28  
A 11:12

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19A

State of Colorado

Page 13a

METHODS AND STANDARDS FOR ESTABLISHING PROSPECTIVE PAYMENT RATES-  
INPATIENT HOSPITAL SERVICES

The Medicaid inpatient utilization rate formula of one or more standard deviation above the mean Medicaid inpatient utilization rate for hospitals receiving Medicaid payment in the State (as described above in this subsection, Disproportionate Share Hospital Adjustment, paragraph (A)).

- viii. Effective from July 1, 1998, through September 30, 1998, and from October 1, 1998 through September 30, 1999, each facility will receive a Disproportionate Share Adjustment payment proportional to the level of low income care services provided, as measured by up to 100% of the hospital's bad debt costs. The basis for this calculation will be bad debt cost data published by the Colorado Hospital Association in its most recent available annual report before rate setting by the Department, inflated from the year of the annual report to the current year using the Consumer Price Index-W for Denver Medical Care, reduced by the ratio of cost to charges from the most recent Colorado Indigent Care Program Annual Report, reduced by Medicare and CHAMPUS payments, and reduced by estimated patient payments. The payments will be such that the total of all Disproportionate Share Adjustment payments do not exceed the Federal Funds limits as published in the Balanced Budget Act of 1997, of \$93 million in Federal Fiscal Year 1998, and \$85 million in Federal Fiscal Year 1999. A reconciliation to the Balanced Budget Act of 1997 will be done based on the aggregate of all Disproportionate Share Adjustment payments. This payment will apply to any disproportionate share hospitals meeting the Medicaid inpatient utilization rate formula of one or more standard deviations above the mean Medicaid inpatient utilization rate for hospitals receiving Medicaid payment in the State (as described above in this subsection, Disproportionate Share Hospital Adjustments, paragraph (A)).

TN No. 00-021

Supersedes

TN No. 98-008

Approval Date 02/14/01

Effective Date 9/1/00

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19A

State of Colorado

Page 13b

METHODS AND STANDARDS FOR ESTABLISHING PROSPECTIVE PAYMENT RATES-  
INPATIENT HOSPITAL SERVICES

- ix. Effective from September 1, 2000, through September 30, 2000, each government hospital will receive a Disproportionate Share Adjustment payment proportional to the level of low income care services provided, as measured by up to 100% of the hospital's bad debt costs. The basis for this calculation will be bad debt cost data published by the Colorado Hospital Association in its most recent available annual report before rate setting by the Department, inflated from the year of the annual report to the current year using the Consumer Price Index-W for Denver Medical Care, reduced by the ratio of cost to charges from the most recent Colorado Indigent Care Program Annual Report, reduced by Medicare and CHAMPUS payments, and reduced by estimated patient payments. The payments will be such that the total of all Disproportionate Share Adjustment payments do not exceed the Federal Funds limits as published in the Balanced Budget Act of 1997, of \$79 million in Federal Fiscal Year 2000. A reconciliation to the Balanced Budget Act of 1997 will be done based on the aggregate of all Disproportionate Share Adjustment payments. This payment will apply to any government disproportionate share hospitals meeting the Medicaid inpatient utilization rate formula of one or more standard deviations above the mean Medicaid inpatient utilization rate for hospitals receiving Medicaid payment in the State (as described above in this subsection, Disproportionate Share Hospital Adjustments, paragraph (A)).

TN No. 00-021

Supersedes

TN No. NEW

Approval Date 02/14/01 Effective Date 9/1/00

TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19A

State of Colorado

Page 14

- E. i. Effective July 1, 1994, an additional Disproportionate Share Adjustment payment method will apply to any outstate disproportionate share hospitals meeting the Medicaid inpatient utilization rate formula. These hospitals are defined as those hospitals which meet the Disproportionate Share hospital criterion of having a Medicaid inpatient hospital services patient days utilization rate of at least one percent. These hospitals do not qualify for disproportionate share under the one standard deviation above the mean Medicaid utilization definition, and if they do, they are excluded from receiving this adjustment. Providers who are not participating in the Colorado Indigent Care Program are excluded from receiving this adjustment. Outstate hospitals are defined as those Colorado hospitals that are outside the City and County of Denver, and who participate in the Colorado Indigent Care Program.
- ii. Effective February 26, 1997, an additional Disproportionate Share Adjustment payment method will apply to any specialty hospital meeting the Medicaid inpatient utilization rate formula. These hospitals are defined as those hospitals which meet the Disproportionate Share hospital criterion of having a Medicaid inpatient hospital services patient days utilization rate of at least one percent. These hospitals do not qualify for disproportionate share under the one standard deviation above the mean Medicaid utilization definition, and if they do, they are excluded from receiving this adjustment. Providers currently participating in other disproportionate share refinancing programs, or who are not participating in the Colorado Indigent Care Program, are excluded from receiving this adjustment. Specialty Indigent Care Program providers are defined by the Colorado Indigent Care Program as those providers which either offer unique specialized services or serve a unique population.
- iii. These hospitals must have at least two obstetricians with staff privileges at the hospital who agree to provide obstetric services to individuals entitled to such services under the State Plan. In the case where a hospital is located in a rural area, (that is, an area outside of a Metropolitan Statistical area, as defined by the

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TN No. 00-021

Supersedes

TN No. 97-007

Approval Date 02/14/01 Effective Date 9/1/00